

NEWS UPDATE - February 28, 2001

In the News...

- STATE OF THE UNION – BUSH SOUNDS LIKE A NEW DEMOCRAT: Slate.com reports that most of Bush's speech "was straight out of the Democratic Leadership Council play book." Big surprise.
- TAXES – PROGRESSIVE CAUCUS PLAN BUILDS MOMENTUM: PBS NewsHour with Jim Lehrer reports on how the Progressive Caucus's American People's Dividend is gaining momentum as the alternative to the Bush tax plan.
- TAXES – ECONOMY'S 'ANEMIC' GROWTH CALLS INTO QUESTION AFFORDABILITY OF BUSH TAX PLAN: The Associated Press reports that the U.S. economy "grew at an annual rate of only 1.1 percent in the final three months of 2000, the weakest performance in more than five years." With the surplus projections based on strong growth, Bush has yet to answer how he will pay for his massive tax breaks to billionaires if the projections are wrong.
- ECONOMY – REPORT SHOWS MILLIONS SUFFER BECAUSE STATE GOVERNMENTS SQUANDERING FEDERAL FUNDS: A new report from the National Campaign for Jobs and Income Support shows millions of American families that have left welfare are worse off economically today because many state governments are not spending the federal funds intended to help them transition into work or take care of their children.
- CRIMINAL JUSTICE – BUSH RECORD MIGHT BE PART OF HIS LACK OF APPEAL AMONG MINORITIES: The Wall Street Journal explores how the criminal justice system, in which "a black male is eight times more likely to be imprisoned than is a white male," could be a reason minorities feel so alienated from the pro-death penalty record of President Bush.
- ENVIRONMENT – SUPREME COURT UPHOLDS EPA RIGHTS: The Washington Post reports that "the Supreme Court yesterday unanimously upheld the Environmental Protection Agency's authority to set new and tougher clean air standards without first considering the potential economic impact on industry, a major victory for federal efforts to control pollution."
- ENVIRONMENT – COULD THE BUSH EPA ACTUALLY BE LOOKING TO DO SOMETHING GOOD?: The Washington Post reports that "EPA Administrator Christine Todd Whitman said yesterday that the Bush administration is considering imposing limits on carbon dioxide emissions from the nation's power plants."
- FOOD SAFETY – IF YOU ARE WHAT YOU EAT, YOU MIGHT NOT LIKE YOURSELF IF YOU EAT THIS: The Washington Post reports on a new book by an investigative journalist who "spent nearly three years meticulously researching the fast food industry, from the slaughterhouses and packing plants that turn out the burgers, to the minimum-wage workers who cook them, to the television commercials that entice children to eat them with the lure of cheap toys and colorful playgrounds. The experience enraged and appalled him."

From the Editorial Pages...

- SOCIAL SECURITY – A WARNING TO BUSH: Mark Weisbrot writes for the Tribune Media Services that "George W. Bush seems to be cruising through the opening months of his presidency with dumb luck, much as he won the office without even winning the popular vote. But there is one arena in which he is playing with fire, and is sure to get burned: he still thinks that he can get away with privatizing our Social Security system."
- ENERGY – BUSH, THE OIL MEN AND THE CRISIS: The San Jose Mercury News writes that Bush's strong ties to huge energy corporations makes the new White House a "well-lubricated administration" for the oil industry. As the editorial states, "we have a Texas oilman as president and a whole passel of appointees likewise steeped in oil and gas, just when California is floundering around in an energy crisis, with the rest of the country on the brink."
- TAXES – SELLING IRRESPONSIBILITY: Economist Paul Krugman of the New York Times writes that Bush continues to sell his irresponsible tax cut at the peril of national priorities. As he writes, "who would argue that rather than running some slight risks of politicizing the markets, we should squander the money that was supposed to pay for our retirement? Only a politician with an irresponsible tax cut to sell."
- TRADE – FREE TRADERS NEED TO SHUT THEIR YAPPER AND START BEING HONEST: Michael Kelly of the Washington Post writes that the human rights record of our new free trade partner China proves, yet again, that the argument that free trade helps democracy is a "cynical tool in the service of American corporate profit-seeking." As he writes, "the Clinton administration, the Republican Party's money wing (which is to say the wing that matters), most of the foreign policy establishment and virtually all of corporate America have argued that a policy of 'engaging' China was not only good for business but also good for democracy" but that this weeks State Department report documenting an increase in Chinese human rights abuses nullifies this bogus argument completely.

Quote of the Day...

"The average African-American voter looked at George Bush and said, 'There's a candidate who wants to fry everybody.' "

In the News on February 28, 2001

BUSH HITS TO THE CENTER

Slate

<http://www.salon.com/politics/feature/2001/02/28/bush/print.html>

WASHINGTON -- President Bush was asked Tuesday afternoon if that evening's address to Congress was the most important speech of his life.

"Every one of them are important," the president replied.

With the benefit of a teleprompter, practice and the able hand of speechwriter Michael Gerson, however, Bush's 49-minute "Speech to the Congress of the United States" improved his response to this question. In a fairly masterful performance, Bush was at his bipartisan, platitudinous best.

He was confident and relatively fumble-free, with a few exceptions. ("Education is not my top priority," he said, to which he was tellingly met with one of the 88 traditional incidents of too-frequent enthusiastic applause. After the clapping died down, he corrected himself, saying, "Education is my top priority.") He talked strong and courageous on Social Security and Medicare reform, kind and caring on education, principled on tax cuts.

He chortled, smiled and kept to the script almost word for word, much of which was borrowed rather liberally from his campaign stump speeches -- "Leave no child behind," "The surplus is not the government's money, the surplus is the people's money," "I like teachers so much, I married one." Plus, of course, the obligatory Spanish. "Juntos podemos," he said. "Together we can."

Having read a poll or two in the past few weeks, the Bush marketing department made a number of savvy decisions. Bush seemed to have one conservative principle only -- for the tax cut he proposed in the campaign, and on this he even seemed like the moderate in the room.

"Some say my tax plan is too big," Bush said as the Democrats applauded.

"Others say it's too small," he said as the GOP clapped on cue.

"I respectfully disagree," he said as the room laughed. "This tax relief is just right." And the crowd went wild.

Everything else was straight out of the Democratic Leadership Council playbook. "Government has a role, and an important one," Bush said. "Our new governing vision says government should be active, but limited; engaged, but not overbearing."

But the \$1.6 trillion tax cut, the most controversial part of his budget proposal -- which, in pure dollars, benefits the wealthiest Americans more, though gives lower-income Americans the biggest-percentage tax cut -- was only presented after a list of other priorities, as if he were crafting the budget before our very eyes, paying off what he needed to before giving us the leftover cash.

He discussed it only after talking about education; about increasing Social Security, Medicare and other entitlement spending programs by \$81 billion; and about upping discretionary spending by 4 percent -- slightly more than the rate of inflation -- while also paying down the debt, a task he has only recently added to his list of priorities.

"And then when money is still left over," Bush said, "my plan returns it to the people who earned it in the first place."

The tax cut was Bush's clear emphasis. Instead of trotting out the millions of dollars that he, Vice President Dick Cheney, Treasury Secretary Paul O'Neill, Commerce Secretary Don Evans and the rest of the millionaires in his Cabinet would save through his proposed tax cut, the president trotted out the Ramos family from West Chester, Pa.

Steven and Josefina Ramos would stand to save just a tad more in the Bush tax cut than the average family -- \$2,000 as opposed to \$1,600 -- but "this is real money," Bush said. "Two thousand dollars a year means a lot to my family. If we had this money, it would help us reach our goal of paying off our personal debt in two years' time," Bush quoted Steven Ramos as saying.

As always when it comes to these kinds of speeches, the night was filled with such inelegant flourishes -- the camera flash to the nun when he mentioned faith-based charities, or to Special Olympics silver medalist Windy Smith and the formerly pugilistic Democratic mayor of Philadelphia, John Street, who sat up with the first lady. Or the president's call to double the funding for the National Institutes of Health in honor of retiring Rep. Joe Moakley, D-Mass., who faces an untreatable form of leukemia.

Of the roughly 17 standing ovations Bush received, the one for Moakley was in the top half, enthusiasm-wise. It was not quite as enthusiastic as the one following Bush's cry that "the people of America have been overcharged and on their behalf, and I am here asking for a refund!" but it was more so than the one that followed his request that Congress give him fast-track trade-negotiating authority.

Bush also took a moment to address "the biggest test of our foresight and courage" -- reforming Medicare and Social Security. On Social Security, Bush pointed out that with the addition of his generation of ridiculously self-indulgent and obnoxious baby boomers to the Social Security rolls, the money will start drying up. Bush pledged the formation of a "presidential commission to reform Social Security," one to make recommendations by the fall based on three policies: returning Social Security to "sound financial footing"; preserving the "benefits of all current retirees and those nearing retirement"; and offering personal accounts to younger workers.

On Medicare reform, Bush pushed Congress to return to the recommendations made by the last such commission, helmed by Sens. Bill Frist, R-Tenn., and John Breaux, D-La. That commission made some tough suggestions, ones that President Clinton threw out when he needed the support of a Democratic base after he got caught with that intern. The GOP congressional leadership was only too willing to forget, as well. "Now it is time to act," Bush said.

And the camera cut to Breaux, who had a prediction for the person behind him: "Not gonna happen," Breaux clearly enunciated. "Not gonna happen."

Regardless, Gerson's a master, and he crafted some pretty sentences. Here's one of the nicest passages: "An artist using statistics as a brush could paint two very different pictures of our country. One would have warning signs: increasing layoffs, rising energy prices, too many failing schools, persistent poverty, the stubborn vestiges of racism. Another picture would be full of blessings: a balanced budget, big surpluses, a military that is second to none, a country at peace with its neighbors, technology that is revolutionizing the world, and our greatest strength, concerned citizens who care for our country and for each other."

"Neither picture is complete in and of itself," Bush said. "And tonight I challenge and invite Congress to work with me to use the resources of one picture to repaint the other -- to direct the advantages of our time to solve the problems of our people."

The only clearly preposterous thing Bush said all night came when he brushed off those who criticize educational testing programs, like those in Texas, that end up with teachers "teaching to the test," instead of teaching the actual skills.

"Critics of testing contend it distracts from learning," Bush said. "They talk about 'teaching to the test.' But let us put that logic to the test. If you test children on basic math and reading skills, and you are 'teaching to the test,' you're teaching," he paused, "math and reading. And that's the whole idea." But this is a horrifyingly simple response to a legitimate concern over the Texas-style education reform he wants to bring to the rest of the nation.

Not that you could count on any serious challenge coming from the Democratic response, limply delivered by Senate Minority Leader Tom Daschle, D-S.D., and House Minority Leader Dick Gephardt, D-Mo., whose speeches were distributed to the media at 9:05 p.m. EST, before Bush had said word one. Daschle hammered Bush for overly optimistic budget surplus projections.

"Nobody's crystal ball is that good," Daschle said. "Just ask Texas. Two years ago, using rosy forecasts, then-Governor Bush signed a budget that cut taxes by \$1.8 billion. But his budget projections were wrong. Today Texas faces a serious budget shortfall." Bush's tax cut, Daschle said, "would bring back huge deficits, increase the national debt and put our economy back in the ditch."

"President Bush's numbers just don't add up," Gephardt said.

My bureau chief makes us keep the TV turned to the Fox News channel these days, kind of as shock therapy for those of us concerned that the Washington press corps is being too soft on Bush; even some of the most shameless Bush suck-ups seem down the middle after three hours of Fox. But I wish BET had a camera feed, because I sure would like to have seen more of the scowling members of the Congressional Black Caucus. Especially after Bush announced that Attorney General John Ashcroft -- he of the Bob Jones University honorary degree, the Southern Partisan interview and the demagoguery against a candidate for the federal judiciary who just happened to be black -- was put in charge of eliminating racial profiling.

And this is always the problem with President Bush. Sure, the packaging's tough to dislike when rarefied, focus-grouped and carefully modulated. But the product doesn't meet the advertising. He wasn't exactly decrying "the stubborn vestiges of racism" a year ago this month when he was trying to win the South Carolina GOP primary -- he was appealing to them. And so it's fine for him to call for "enacting fair and balanced election and campaign finance reforms" and a "Patients Bill of Rights" -- but let's see what he means by that.

Last time I checked, Bush fervently opposed the McCain-Feingold campaign finance reform bill. Just a few weeks ago, Bush was having his henchman Karl Rove lean on the Republican House cosponsors of the "Patients Bill of Rights" to drop the bill. And having his Senate liaison, Frist, try to negotiate with Senate Democrats on the bill by cutting the Republican Senate cosponsor of the bill, Sen. John McCain, R-Ariz., out of it altogether, out of either presidential primary vengeance or intraparty insecurity.

"The agenda I have set before you tonight is worthy of a great country," Bush said. "Much has been given to us, and much is expected. Let us agree to bridge old divides. But let us also agree that our goodwill must be dedicated to great goals. Bipartisanship is more than minding our manners, it is doing our duty."

Let's see if he really means it. So far his manners have been about it. But hey, they've gotten him this far.

TAX CUT POLITICS

PBS – Newshour with Jim Lehrer

http://www.pbs.org/newshour/bb/budget/jan-june01/taxes_2-27.html

KWAME HOLMAN: Through the first few weeks of his new administration, it appeared President Bush's 10-year, \$1.6 trillion tax cut proposal was on a glide path to congressional approval.

PRESIDENT GEORGE W. BUSH: I urge the Congress to pass my tax relief plan with the swiftness these uncertain times demand.

KWAME HOLMAN: Even before the President signed and sent his plan to Congress, it already had momentum behind it. Federal Reserve Chairman Alan Greenspan softly endorsed the notion of a tax cut; the expert Congressional Budget Office forecast a big enough budget surplus to pay for it; and one of the new Democrats in the evenly split Senate, Zell Miller of Georgia, came out immediately to say he'd vote for it.

SEN. ZELL MILLER: Remember that old Elvis Presley song, "Return to Sender"? That's what we're wanting to do right here. That's what we're wanting to do with this overpayment of taxes.

KWAME HOLMAN: Treasury Secretary Paul O'Neill hand-carried the plan up to the Capitol, where Republican leaders were eager to accept it. And before the House Ways and Means Committee, where all federal tax legislation is born, O'Neill urged members to act on the tax cuts right away.

PAUL O'NEILL: And if we were to do it on a retroactive basis to January 1, money could begin to flow very quickly, if the Congress could act on these things quickly.

KWAME HOLMAN: The President held the early advantage in promoting his tax cuts in large part because no one in Congress stepped forward to offer a comprehensive alternative; certainly not one with a realistic chance of picking up enough votes to pass. Congressional Democratic leaders Tom Daschle and Dick Gephardt, opponents of Mr. Bush's tax cut plan, didn't propose a plan of their own until just before President's Day. They endorsed a \$750 billion tax cut, half the size of the President's, aimed at low- and middle-income Americans. But they provided few details. And the Progressive Caucus, a group of left-leaning House Democrats, propose giving every American man, woman and child \$300. They proclaimed it the fair way to distribute the expected budget surpluses.

REP. DENNIS KUCINICH: Unlike the administration's proposal, which reserves over 40 percent of the tax cuts for the wealthiest 1 percent of the population, the American people's dividend-- this proposal-- gives those at the top 1 percent, 1 percent. This makes the overwhelming proportion of tax relief available for the bulk of the population. Everyone benefits.

KWAME HOLMAN: Meanwhile, an equally passionate group of House conservatives argues the Bush tax cut plan isn't big enough. They want to push the tax cuts beyond \$2 trillion.

REP. TOM DeLAY: We don't know how much is out... How much taxes... How many taxes that the government is taking in surplus from the American people. I mean, this is the beginning of a process. It's an ongoing process, and no one should be drawing a line in the sand saying, "it's going to be that number and no number."

KWAME HOLMAN: But each time a new tax cut proposal is offered, President Bush's response remains the same.

PRESIDENT GEORGE W. BUSH: I think it's going to be very important for us and the members of Congress to work together, but I'm going to make my case that the size of the tax relief package I propose is right.

KWAME HOLMAN: Among the most important members of Congress with whom the Bush administration will have to work are the centrists. They're Senators from both parties who meet regularly to promote common moderate goals. Two Republican centrists, Jeffords of Vermont and Chafee of Rhode Island, already are on record saying the Bush tax cuts are too big. Maine Republican Olympia Snowe said she would like to see a triggering mechanism that would suspend major tax cuts if the economy doesn't perform as well as expected.

SEN. OLYMPIA SNOWE: You know, we anticipate that we will have sizable surpluses. But in the event that they don't materialize to the extent that we expect or anticipate, then we should have a mechanism in place to ensure that each and every year we can keep track of our debt reduction first and foremost. Then we can, you know, phase in the next step of the tax cut. If we don't, you know, meet... we can delay this phase of the tax cut if we don't meet the debt reduction goal of that particular year or spending policy.

KWAME HOLMAN: Just before Congress recessed last week, the centrists invited Bush chief of staff Andrew Card and economic advisor Lawrence Lindsey to meet with them in a capitol conference room. Cameras were allowed to record the welcoming comments.

SEN. OLYMPIA SNOWE: So we appreciate the fact that you're willing to be here today, and Larry as well, to talk about the President's tax proposal and any other issues that you care to address.

KWAME HOLMAN: The centrists expect to hold several more discussions in an effort to reach consensus on tax cuts. They admit at this point, they're far from it. Nor does it appear President Bush yet has the votes. Senate Budget Committee Chairman Pete Domenici gave the President the running tally during a White House budget session just before the recess.

SEN. PETE DOMENICI: We told him tonight at this meeting of the closeness of the debate in the Senate, and he indicated that he was well aware of that and he was going to do his share to help us. So everybody should understand we're not finished working on this. Right now it would appear that there are a number of Senators who are undecided, and there are between 47 and 49 that are absolutely committed, and we're still working.

KWAME HOLMAN: And President Bush continues to respond optimistically when questioned about his tax cut.

PRESIDENT GEORGE W. BUSH: I don't agree with that assessment that there's not enough votes in the Senate. I believe, when it's all said and done, we're going to get a tax bill out of the House and the Senate that will be at the level I think it ought to be. And I know there's a lot of speculation about members, but it's early. It's early in the process.

KWAME HOLMAN: But the debate already has begun. Yesterday, the President was well positioned to hear opposing views from two of the nation's governors: Democrat Parris Glendening of Maryland.

GOV. PARRIS GLENDENING: That some of us are very concerned that the tax cut that's being proposed is too large and will not permit funding for some key issues, such as education and prescription drug coverage.

KWAME HOLMAN: And Republican John Engler of Michigan.

GOV. JOHN ENGLER: Many of us have the perspective on the tax cut: Big, fast, across-the-board, and right now, so... (Laughter) ...I'll say that, and... (Applause)

KWAME HOLMAN: The President will make his own case for tax cuts during his nationally televised address to Congress tonight.

ECONOMY GREW AT ONLY 1.1% RATE IN FOURTH QUARTER OF 2000

Associated Press

<http://www.nytimes.com/aponline/business/AP-Economy.html>

WASHINGTON (AP) -- The U.S. economy, hammered by declining exports and spending on durable goods, grew at an annual rate of only 1.1 percent in the final three months of 2000, the weakest performance in more than five years.

The anemic performance of the gross domestic product -- the total output of goods and services produced within the United States -- was only slightly above the expectations of many private economists. They were predicting a growth rate of 1.0 percent.

The weak showing in the fourth quarter, reported Wednesday by the Commerce Department, demonstrated how dramatically the economy had slowed since the second quarter of last year, when it grew at a hectic pace of 5.6 percent.

The fourth-quarter annual growth rate of 1.1 percent was the smallest since 0.8 percent in the second quarter of 1995. It was revised downward from an already-weak 1.4 percent estimated a month ago.

On Tuesday, worries about jobs and the business climate showed consumer confidence in February being dragged to its lowest level in more than four years. The pessimism was reinforced by two Commerce Department reports: Orders to U.S. factories for big-ticket items plunged in January to their lowest level in 19 months, while new home sales plummeted 10.9 percent, the biggest drop in seven years.

The new report came shortly before Federal Reserve Chairman Alan Greenspan delivered a sober assessment of the economy to Congress, saying the sharp slowdown that began in the second half of last year "has yet to run its full course."

Greenspan's comments sent a clear signal that the central bank, which already reduced interest rates by a full percentage point in January, is ready to do more to prevent the faltering economy from skidding into a recession.

Testifying before the House Financial Services Committee, Greenspan blamed much of the economy's weakness on an effort by businesses to cut back quickly on production in the face of falling sales.

In his address to Congress Tuesday night, President Bush promoted his big tax-reduction proposal as needed to rev up the sagging

economy. And Greenspan has given his blessing to cutting taxes, saying the government's budget surplus projections have grown so large there should be money available both to eliminate the public debt and provide a significant tax cut.

An inflation gauge tied to the gross domestic product rose at an annual rate of 1.9 percent in the fourth quarter, up from 1.8 percent in the third quarter. For all of 2000, this gauge -- which measures the price increases on consumer goods -- was up 2.4 percent, the highest since 1993.

Spending on big-ticket durable goods such as automobiles and other costly manufactured goods expected to last at least three years fell at an annual rate of 2.8 percent in the fourth quarter, compared with a strong 7.6 percent rate of growth in the third quarter.

U.S. exports declined 6.1 percent, compared with a 13.9 percent increase in the third quarter.

The economic slowdown has brought thousands of job layoffs across a number of industries. Economists have begun to fear that the nation's decade-long economic expansion, the most prolonged in history, may be in danger of ending.

On Wall Street, investors have been hoping that the Federal Reserve might be preparing another surprise cut in interest rates, like the one on Jan. 3.

Even with the dramatic slowdown in the latter part of last year, however, the economy grew by 5.0 percent in 2000, the best showing since a 7.3 percent rise in 1984. That capped a remarkable four-year period in which growth every year was above 4 percent, the best performance since the mid-1960s.

In the fourth quarter, business investment on new plants and equipment -- a major force behind the economic expansion -- slipped 0.6 percent, compared with a surge of 7.7 percent in the third quarter.

All the changes show the economy growing at an annual rate of \$24.7 billion in the last three months of 2000, pushing the nation's total output of goods and services to around \$9.4 trillion, after adjusting for inflation.

SOFT MONEY FUELED BY WEALTHY INDIVIDUALS

CongressDaily

<http://www.nationaljournal.com>

Peter L. Bittenwieser, a Philadelphia philanthropist and activist on education issues, contributed just over \$100,000 in soft money to the Democratic Party in the 1996 election cycle. In the 2000 cycle, he made \$1.2 million in soft money contributions, the third highest total among all individuals over the past two years.

Bittenwieser says he supports the campaign finance reform legislation drafted by Sens. John McCain, R-Ariz., and Russell Feingold, D-Wis., which would ban soft money contributions to the national parties. But not, he says, because such a reform would ease the burden on his bank account.

"That's not the relevant question," he responded when asked how enactment of McCain-Feingold would affect his life. "I suppose it could make my life easier, but the point is, the system we're working under is not the right system ... I'm a strong believer in the McCain-Feingold reform, but until reform comes, I want to help the [Democratic] party and its candidates."

Individuals' soft money contributions grew to \$171 million in 2000, up from \$69 million in the 1996 election cycle. That increase outstripped even the 89 percent growth rate in overall soft money contributions--including businesses and interest groups--during the same period, when soft money checks leapt from a total of \$240 million in 1996 to almost \$455 million in 2000.

Wealthy individuals contributed 38 percent of all the soft money raked in during the last election cycle, up from 29 percent of the total in 1996. The top 10 soft money givers contributed \$10.8 million to the parties, more than double the amount given by the top 10 in 1996.

Democrats enjoyed a hefty advantage among the top 10 individual givers--and, in fact, were favored with two-thirds of the soft money contributions given by the top 45 individual donors, for a total of \$18.4 million. But Republicans made up ground among the large "middle class" of soft money givers who contributed up to \$500,000 in the cycle. Overall, the GOP collected \$84 million in soft money from individuals while Democrats received \$86 million.

Leading the charts among individual soft money contributors were S. Daniel Abraham--the founder of SlimFast--and his wife, Ewa, who together contributed \$1.39 million, all to the Democrats.

Bernard Schwartz, the chief executive officer of Loral Space and Communications, and his wife, Irene, earned the No. 2 spot with \$1.24 million in soft money contributions to the Democrats. Schwartz, too, supports a ban on soft money but not "unilateral disarmament," a spokesman said.

Tied with Battenwieser in the No. 3 slot were David and Shamaya Gilo, at \$1.21 million--all to Democrats. David Gilo is a Silicon Valley entrepreneur who now heads up Vyvo Inc., a provider of broadband equipment. For his part, Battenwieser contributed \$250,000 to the Democratic Senatorial Campaign Committee in January to get the 2002 election cycle rolling.

Cable magnate Haim Saban and wife Cheryl were No. 5 on the list, with \$1.18 million in soft money contributions to the Democrats. News accounts credit Saban as the mastermind behind the "Power Rangers" cartoon and action figure marketing empire.

Carl Lindner, the CEO of American Financial Group, and wife Edyth were sixth among individuals with \$1.1 million in soft money contributions, 57 percent of which went to Democrats. Lindner also has contributed to the National Right to Life Committee and helped fund the so-called paycheck protection initiative in California, according to news reports.

Peter and Georgia Angelos were seventh, with the Baltimore Orioles owner and his wife contributing \$940,000 in soft money, 97 percent to Democrats.

Angelos, who made his fortune as a plaintiffs' attorney in class action lawsuits, did contribute \$25,000 to the National Republican Senatorial Committee through a joint fundraiser Nov. 1 with the Hatch Victory Committee, run by Senate Judiciary Chairman Hatch, according to records culled by the nonpartisan FECInfo.

Fred Eychaner, the president of the Chicago-based Newsweb Corp., came in eighth with \$905,000 in contributions, all to the Democrats.

Constance (Connie) Milstein, usually described in the tabloids as a "Manhattan socialite," was ninth with \$899,000 in soft money contributions, all to the Democrats.

Milstein--who is listed as an executive with Milstein Properties, the major New York developer--is well known for her work with charitable causes.

However, she came under fire last fall when videotaped, along with six other Gore campaign workers, allegedly handing out cigarettes to homeless men in Milwaukee to entice them to vote.

Finn M.W. Caspersen, a New Jersey-based venture capitalist, contributed his way into the top 10--and also broke the mold for this group by giving 73 percent of his soft money donations to Republicans.

Caspersen, who also is chairman and president of the U.S. equestrian team, cantered into the top 10 with a total of \$735,000 in soft money contributions.

POVERTY AMONG AMERICA'S POOREST CITIZENS WORSENS WHILE STATES DRAG THEIR FEET ON ANTI-POVERTY EFFORTS, REPORT FINDS

National Campaign for Jobs and Income Support

<http://www.commondreams.org/news2001/0227-07.htm>

WASHINGTON - February 27 - Millions of American families that have left welfare are worse off economically today because many state governments are not spending the federal funds intended to help them transition into work or take care of their children, according to a new report made public today.

The states have failed to use more than \$8 billion authorized by Congress for child care, transportation, education, job training and other efforts to help support low-wage workers and struggling families, the report found.

"Millions of children and their parents are falling deeper into poverty because in too many state capitals the funds that Congress approved to help these families become self sufficient are going unspent," said Deepak Bhargava, director of the National Campaign for Jobs and Income Support.

A coalition of grassroots citizens groups in 40 states, the National Campaign for Jobs and Income Support compiled and released the report, "Poverty Amidst Plenty 2001" at a news conference at the National Press Club in Washington, D.C. to coincide with the winter meeting of the National Governors' Association.

"Despite the enormous need, forty-six states and the District of Columbia are still holding huge sums in unspent Temporary Aid for Needy Families (TANF) funds that could be paying for new or expanded programs to help poor families raise their children, find decent jobs and begin earning a livable wage," Bhargava said.

According to the report by the National Campaign for Jobs and Income:

Child poverty remains at a historic high, with nearly one out of every five children in America living today in poverty. In spite of the booming national economy, the average person living in poverty is poorer today than they were at the beginning of the decade demonstrating how the poor are being left behind.

Many families that have moved "from welfare to work" are worse off financially and struggling with incomes below the poverty line.

More than half of those who have left welfare for jobs have been unable to pay the rent, buy food, afford medical care, or keep their telephone or electric service from being disconnected.

In spite of the pressing needs of poor families, fourteen states have actually increased their surplus of unspent Temporary Aid for Needy Families funds since 1999.

Some states – Connecticut, Virginia, Texas, Wisconsin and Michigan in particular – are abusing the flexibility of their TANF anti-poverty funds to pay for tax cuts and shortfalls in other areas of their budget on the backs of the poor.

In unveiling its report, the National Campaign for Jobs and Income Support called on Congress to provide additional funds to fight poverty and to ensure that the states diligently use the money.

"Simply cutting the welfare rolls can't be the measure of success," Bhargava said. "Congress and the states must be held to their promise that welfare reform would lift families out of poverty, and that will require a commitment of adequate resources."

The Campaign also urged Congress and the states to involve local community organizations that deal directly with low-income families in the process of drafting and implementing welfare reform laws and programs.

WHAT ROLE HAS DEATH PENALTY PLAYED FOR BUSH AMONG AFRICAN-AMERICANS?

<http://interactive.wsj.com/articles/SB983312416529873171.htm>

John Rowland is Connecticut's governor, a Republican and a fan of President Bush. He also has a blunt theory about why Mr. Bush attracted such a meager share of the black vote last fall.

"The average African-American voter looked at George Bush and said, 'There's a candidate who wants to fry everybody,'" Gov. Rowland theorizes.

And it isn't just the death penalty that Gov. Rowland thinks creates problems for Republicans. In general, he says, "the African-American community thinks the prison system, more than anything else, is unfair to them." All in all, in a recent lunch conversation, he offered this advice: "The criminal justice system is an area where the administration should focus."

Gov. Rowland's observations are worth considering today, the day after Mr. Bush gave his first address to Congress. Mr. Bush lamented that "too many of our citizens have cause to doubt our nation's justice" because of racial profiling; indeed, one of his problems is an undercurrent of racial tension in the land. Much has been said about new factors that may exacerbate this tension: the gap between the white and black votes for Mr. Bush, the racially tinged Florida recount, the appointment of John Ashcroft as attorney general.

But relatively little attention has been focused on the sensitive underlying issue Gov. Rowland cites, the criminal justice system. As a matter of social policy, the governor knows whereof he speaks: He runs a state where blacks make up 9.4% of the population, not far off the national share of 12.8%. And while Connecticut has some highly prosperous areas, it also has one of the nation's poorer inner cities in Hartford, which has suffered all the crime woes that afflict urban areas generally.

LIKE OTHER MODERATE Republican governors in the Northeast, though, Mr. Rowland has done far better at attracting black votes than have his party's presidential candidates. In a runaway 1998 re-election victory, he won an estimated 45% of the black vote; by contrast, Mr. Bush last year got 9%.

The governor attributes his performance in part to simply paying personal attention to black problems in urban areas. He has also taken such steps as supporting the Martin Luther King holiday.

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But he also argues that it is important to be sensitive to black concerns about the legal system. And on its face, that system gives blacks reasons for concern.

There is no doubt that the explosion in the population of state and federal prisons has had an outsized impact on the black community. According to the most recent Justice Department statistics, there are 3,408 black male inmates for every 100,000 black males in the

country. By contrast, there are 417 white male inmates for every 100,000 white males. In short, a black male is eight times more likely to be imprisoned than is a white male.

Statistics have deeper meaning when the subject is the death penalty. Around the country, 3,726 inmates sit on death rows today, says the Death Penalty Information Center, a nonprofit group led by experts skeptical of the death penalty. Of those, 1,595, or 43%, are black, meaning the black share of the death-row population is more than triple the black share of the general population.

Nationally last year, there were 85 executions; 34 of them, or 40%, were of blacks. Clearly, the death penalty hits blacks disproportionately.

THESE FACTS TRANSLATE into a particular political conundrum for Mr. Bush and his party. Republicans have long since established themselves as the party of law and order, meaning they tend to get more credit than do Democrats for declining crime. But they also are more identified with what blacks consider the justice system's more oppressive characteristics.

That problem is particularly acute for Mr. Bush because he hails from Texas, a state that has the nation's second-highest prison population and its most active death chamber. Of the 446 inmates on Texas' death row, state figures indicate, 41% are black and 35% are white. And of the 40 prisoners executed in Texas last year, 16, or 40%, were black. Overall, by contrast, 12.3% of Texans are black.

Mr. Rowland argues, in essence, that Republicans need to show more interest in examining blacks' attitudes about this state of affairs. He makes that argument not as a death-penalty opponent but as one who supports the death penalty and once signed a bill making it easier to use. (Connecticut, though, hasn't actually executed a prisoner since 1960, the governor's office says.)

President Bush has not only a political need to pay attention but also an opportunity. Just as only an anti-Communist such as Richard Nixon could open the door to China, maybe only a president with the death-penalty credentials of George W. Bush can open the door to a national debate on the justice system.

CLEAN-AIR AUTHORITY OF EPA IS UPHELD

<http://www.washingtonpost.com/ac2/wp-dyn/A63586-2001Feb27>

Washington Post

The Supreme Court yesterday unanimously upheld the Environmental Protection Agency's authority to set new and tougher clean air standards without first considering the potential economic impact on industry, a major victory for federal efforts to control pollution.

Rebuffing a forceful industry argument that the EPA regulations would impose billions of dollars in unjustified new costs, the court held that the language of the 1970 Clean Air Act clearly requires the EPA to consider only expected public health benefits when deciding acceptable levels of ozone and soot in the atmosphere.

The Clean Air Act "unambiguously bars cost considerations from the [clean-air standard]-setting process, and thus ends the matter for us as well as the EPA," the court said in an opinion by Justice Antonin Scalia.

The court signaled that it has no interest in lending its support to any broader effort by business and conservative activists to dismantle federal regulation, rejecting the industry argument that the EPA had effectively taken over Congress's lawmaking power in violation of the Constitution. This appeal to the long-dormant "nondelegation doctrine," if accepted by the court, could have thrown the authority of virtually all federal agencies into doubt.

Noting that the court had repeatedly upheld "sweeping regulatory schemes" in past cases bearing on Congress's delegation of authority to federal agencies, Scalia wrote that the EPA's clean-air rulemaking "fits comfortably within the scope permitted" by those precedents.

EPA Administrator Christine Todd Whitman called the decision "a solid endorsement of EPA's efforts to protect the health of millions of Americans from the dangers of air pollution." Last year, as governor of New Jersey, Whitman authorized her state to intervene in the litigation on the side of the Clinton administration EPA.

In setting the new standards, the EPA said the latest scientific studies indicated that they were necessary to protect 125 million people from adverse health effects and would result in the prevention of 15,000 premature deaths and 350,000 cases of aggravated asthma.

However, the court ruled, on narrow statutory grounds, that while the EPA had authority to set the new rules, its policy for implementing them with regard to ground-level ozone -- commonly known as smog -- violated 1990 amendments to the Clean Air Act.

The justices held that the EPA had unreasonably tried to give heavily polluted parts of the country less time to clean up their air than Congress had intended, a conclusion urged on the court in briefs submitted by three industrial states -- Ohio, Michigan and West Virginia.

That means the actual enforcement of that part of the EPA's new clean-air standards remains in legal limbo until the agency can work out a new policy consistent with the court's holding.

In an otherwise subdued reaction to the ruling, the American Trucking Associations, which brought the initial case against the EPA, called this part of the court's decision "a significant development" in its favor. Industry groups said they will continue to press other legal arguments against the new regulations in the Court of Appeals for the District of Columbia Circuit, to which the Supreme Court assigned the remaining issues in the case.

Still, the decision is a clear setback for industry, which had at one point seemed on the verge of a breakthrough in its long-running legal and lobbying battle to require the EPA to make cost an explicit factor in its pollution-control decisions.

The case came to the Supreme Court after a three-judge panel of the D.C. Circuit issued a divided ruling in 1999. The panel agreed with the EPA that the Clean Air Act did not permit it to use cost-benefit analysis but concurred with the trucking industry that the agency's regulations had been drafted according to no "intelligible principle," in violation of the "nondelegation doctrine" -- which was last invoked by the Supreme Court to strike down a piece of New Deal legislation in 1935.

Both parties appealed, and the Supreme Court agreed to rule on both issues, raising the prospect that a conservative-led court would overturn the approach to environmental regulation charted by a Democratic administration.

In recent years, the court's conservative majority has repeatedly used long-dormant constitutional doctrine to strike down parts of laws passed by Congress.

Citing Congress's lack of authority to legislate in areas that do not substantially affect interstate commerce, the court had ruled that laws banning the possession of firearms near schools and giving female victims of violence the right to sue their attackers in federal court are unconstitutional. Citing state sovereign immunity, the court has held that states may not be sued in federal court for alleged discrimination against older state employees or, in a case decided just last week, disabled state workers.

In this case, even a decision that had avoided the constitutional nondelegation issue but held that the Clean Air Act requires cost-benefit analysis would have been a major revision of congressional enactment.

Scalia has been a full participant in all of those recent decisions. Yet his opinion yesterday, which was replete with deferential references to the intent of Congress, and specifically expressed agreement with the Clinton administration's position on the nondelegation issue, did not even come close to taking the court on such a tack.

Industry's nondelegation claim had always been "a long shot," conceded Robin S. Conrad, vice president of the U.S. Chamber of Commerce's Litigation Center.

Only Justice Clarence Thomas expressed sympathy for reviving the nondelegation doctrine, saying in a concurring opinion that "on a future day" he "would be willing to address the question of whether our delegation jurisprudence has strayed too far from our Founders' understanding of separation of powers."

And the only expression of sympathy for the industry's argument on the cost-benefit issue came in the concurring opinion of Justice Stephen G. Breyer, usually thought of as one of the court's liberals.

"Other things being equal, we should read silences or ambiguities in the language of regulatory statutes as permitting, not forbidding" cost-benefit analysis, Breyer wrote, adding, however, that he did not see such ambiguities in the language of the Clean Air Act itself.

EPA MULLS LIMITS FOR POWER PLANT EMISSIONS

<http://washingtonpost.com/ac2/wp-dyn/A64344-2001Feb27>

Washington Post

Environmental Protection Agency Administrator Christine Todd Whitman said yesterday that the Bush administration is considering imposing limits on carbon dioxide emissions from the nation's power plants.

As a sign of the White House's concern about global warming, administration officials have begun discussions among themselves and with congressional leaders about adopting a policy designed to limit the emissions of carbon dioxide and other gases that trap heat in the atmosphere and contribute to the Earth's rising temperature.

Whitman would not define precisely what she and the White House would support, but she raised the possibility of adding carbon dioxide to the existing regulatory mix that includes emission levels of nitrogen oxide, sulfur dioxide and certain sources of mercury.

While President Bush will not be bound by an international global warming agreement reached in Kyoto, Japan, in 1997 that he criticized during the campaign, Whitman said, "This president is very sensitive to the issue of global warming."

"There's no question but that global warming is a real phenomenon, that it is occurring," Whitman said after an appearance before a

Senate committee. "And while scientists can't predict where the droughts will occur, where the flooding will occur precisely or when, we know those things will occur."

Democrats and Republicans introduced legislation last year to reduce the emissions of sulfur dioxide, nitrogen oxide, carbon dioxide and mercury from power plants. Sen. Robert C. Smith (R-N.H.), chairman of the Environment and Public Works Committee, intends to introduce similar legislation this year, according to aides, and has discussed the measure with Whitman.

Whitman emphasized that limits on carbon emissions would have to be considered as part of a broader proposal to also regulate other pollutants coming from the burning of fossil fuels. "It's putting it into the process and recognizing that we have to deal with it, which would be to put a cap of some sort, a target anyway," she said.

Environmental groups that have been skeptical of the president's commitment to cleaning the air and reducing greenhouse gases praised the administration's expression of support for a "multi-pollutant" approach as an important first step. "It's a real indication this issue has moved significantly in the eyes of the public and industry leaders," said Jennifer L. Morgan, director of the World Wildlife Fund's climate change campaign.

Bush advisers had considered including a mention of the proposal in the president's address to Congress last night, but a reference to it was dropped in response to a last-minute lobbying effort by the coal industry. More than half the nation's power is generated by coal-burning power plants.

Whitman leaves today for Trieste, Italy, to attend a meeting of the environmental ministers of the Group of Eight -- the seven major industrialized countries and Russia. Bush and his advisers have made increasing domestic energy production a top priority but have had little to say about the related issue of cleaning up the environment.

Bush opposes the Kyoto Protocol for reducing greenhouse gas emissions worldwide, charging that it is "unfair to America" and exempts most Third World countries. At the administration's request, United Nations officials agreed recently to delay the next round of formal global warming treaty negotiations, which had been set for May, until this summer.

FAST FOOD'S FOE

Washington Post

<http://washingtonpost.com/ac2/wp-dyn/A59605-2001Feb26>

You unwrap your fast food burger, pick it up and, just as you are about to take a bite, you wonder: What exactly is in this meat?

And then you think: I really don't want to know.

Eric Schlosser is going to tell you anyway. His best-selling book, "Fast Food Nation," flips off the bun, scrapes away the lettuce and pickle and takes a long, hard look at that little brown patty.

The investigative journalist spent nearly three years meticulously researching the fast food industry, from the slaughterhouses and packing plants that turn out the burgers, to the minimum-wage workers who cook them, to the television commercials that entice children to eat them with the lure of cheap toys and colorful playgrounds. The experience enraged and appalled him.

It was so upsetting, in fact, that he says he no longer eats ground beef. Even his children, ages 8 and 10, have been cut off from school burgers and the Happy Meals they used to enjoy. "They weren't happy about it," he admits recently over a lunch of Chinese dumplings and salmon, "but as a parent, you have to know what you're feeding your kids."

Schlosser, 41, is soft-spoken but intense. He has the lanky build of a runner. Dressed in a tweed jacket, red tie, white shirt with silver cuff links and dark jeans, he looks as if he could be a hip college professor. But when he speaks about his book, it's with the fervor of a man who has seen life's harrowing side.

Before starting this project, he gave little thought to fast food. So when Rolling Stone magazine asked him in 1997 to write an article looking at America through fast food, he figured he would write something "kitschy and lighthearted" -- a relief after the sobering, in-depth stories he had been doing for Atlantic Monthly on subjects like marijuana penalties and California migrant farm workers. Once he got started, though, he found himself heading in a different direction.

In "Fast Food Nation" (Houghton Mifflin, \$25), Schlosser, who has a history degree from Princeton, views fast food from a historical perspective. "Essentially, for me, the growth of fast food is a history of America after World War II," he says.

His book tracks fast food from its beginnings in 1948 with the McDonald brothers hamburger stand in Los Angeles to its global presence today. What troubles him are the sweeping changes that the fast food chains have brought about not only in our eating habits but in our workforce, our landscape, our culture and in how food is produced. "Fast food is not the source of all ills, but [the industry's] shortsighted, greedy mentality has caused many unnecessary consequences," he says.

That's an unfair characterization, complains the fast food industry. Terrie Dort, president of the National Council of Chain Restaurants, the trade association representing many of the country's major fast food chains, released this statement about Schlosser and his book: "It is unfortunate that Mr. Schlosser's book, 'Fast Food Nation,' categorizes the entire fast food industry in such a negative light. The restaurant companies that comprise the industry provide employment to hundreds of thousands of workers across the country and offer consumers a wide variety in menu options and prices. We take exception to the characterization in this book."

Even so, Schlosser's deepest outrage is directed not at fast food executives but at their associates in the meat-packing industry and what he calls their longstanding resistance to federally mandated food-safety practices. "I have never encountered any business that operates so unethically and is so unrepentant," he states flatly.

The meat packing industry isn't too fond of him either.

Schlosser "is trying to paint a picture of 1906 in order to scare people. Unfortunately, fear and graphic stories sell," says Janet Riley, vice president of public affairs for the American Meat Institute, the trade association that represents most of the nation's meat packers and processors. "There is no doubt in our minds that our food today is safer than it's ever been because there is so much more science and technology in our plants to ensure that safety. Come on," she adds, "our families eat from the same food supply that everyone else does. Of course we want safe food."

In fact, Schlosser's vivid descriptions of the revolting conditions in the feedlots and slaughterhouses he visited, as well as of the lives of the immigrant workers, have been compared to Upton Sinclair's 1906 classic, "The Jungle." That book so repulsed President Teddy Roosevelt, he eventually nudged Congress into passing the nation's first, albeit weak, food safety legislation.

Schlosser argues that the meatpacking industry's initial response in 1906 hasn't changed much over the century: "The industry has repeatedly denied that problems exist, impugned the motives of its critics, fought against federal oversight and sought to avoid any responsibility for outbreaks of food poisoning," he writes.

Schlosser believes the government needs to step up its oversight of the food industry. He's appalled, he says, "that the government can recall a faulty toaster but can't recall contaminated meat." Under current law, the U.S. Department of Agriculture can only suggest that a company withdraw its meat. The government has no authority to recall contaminated meat or impose fines on firms that ship such products. In extreme cases, the USDA can remove its inspectors from a slaughterhouse or processing plant, which, in effect, shuts down the facility, but that step is rarely taken and it can be challenged in federal court.

Because the meat packing industry has such strong allies in Congress, Schlosser doubts that food safety laws will be changed any time soon.

On the other hand, he suggests that consumers may have a faster, even more powerful tool: to stop buying fast food and the industry will be forced to change its ways.

That the consumer has this power is undeniable. The average American eats burgers three times a week and two-thirds of those are from fast food places. Last year, Americans spent \$110 billion on fast food, more than on higher education, personal computers, computer software, even new cars.

And just what is in those burgers we're so enthusiastically chewing? According to Schlosser's research, one-quarter of the nation's ground beef is made from worn-out dairy cattle, the animals most likely to be diseased and riddled with antibiotic residue. Until three years ago, Schlosser says, most cattle -- which are, by nature, plant-eaters -- were fed animal waste, including dead sheep, dead cattle and dead cats and dogs from animal shelters, mainly because it was cheaper than grain. The federal government banned these practices in 1997 because of the "mad cow disease" scare, but current regulations still allow dead pigs and dead horses, along with dead poultry and poultry waste and cattle blood, to be rendered into cattle feed. (And earlier this year, an inspection at a Texas feedlot found some cattle had eaten illegal feed containing meat and bone meal, despite the ban.)

Schlosser, who was taken on a clandestine, nighttime tour of a slaughterhouse, writes matter-of-factly in his book about the ankle-deep blood on the floor and the overwhelming stench of manure as workers race to skin, gut and slice carcasses whizzing by at a rate of 300 an hour. He notes that a modern processing plant can produce 800,000 pounds of hamburger a day. A single fast food burger can contain parts of dozens, even hundreds, of different cattle, according to Schlosser. All of this, he writes, contributes to the spread of deadly pathogens from feces or infected cattle that cause food-related illness -- and death -- every year. The Centers for Disease Control and Prevention recently estimated that every day a staggering 200,000 people are sickened by a food-borne disease in the United States, 900 are hospitalized and 14 die.

Lester Crawford, director of the Center for Food and Nutrition Policy, at Georgetown University and a former meat inspector for USDA, says he's read only "snippets" of Schlosser's book but calls it "well-intentioned criticism." He believes that there have been some major improvements in food safety procedures in the past 15 years, including the fact that "most fast food restaurants won't serve undercooked beef. That has had a major impact on food-borne disease and needs to be recognized," he says.

Schlosser agrees with him. Fast food chains are more careful today about serving thoroughly cooked meat after four children died in 1993 from eating undercooked ground beef at Jack in the Box. "In terms of commercial ground beef, a Jack in the Box burger is your best bet for having the pathogens cooked out," Schlosser says. In addition, he notes, McDonald's has responded to consumer concerns and forced its meat suppliers to improve the way they handle livestock headed for slaughter. McDonald's also has refused to use bioengineered potatoes for its french fries because of consumer pressure.

"I'm optimistic," says Schlosser. "I don't think we always have to look to the government. There is enormous potential for change from the fast food companies pressuring the meat suppliers and from consumers who can pressure the fast food chains."

On the Editorial Pages on February 28, 2001

WARNING TO BUSH: DON'T MESS WITH SOCIAL SECURITY

by Mark Weisbrot

Tribune Media Services

<http://www.commondreams.org/views01/0228-06.htm>

George W. Bush seems to be cruising through the opening months of his presidency with dumb luck, much as he won the office without even winning the popular vote. But there is one arena in which he is playing with fire, and is sure to get burned: he still thinks that he can get away with privatizing our Social Security system.

Mr. Bush managed to get through the election without paying the price for stepping on the famed "third rail" of American politics -- probably because most people didn't know what he was proposing. In fact, a Harvard study of the electorate showed that most voters could not distinguish between Mr. Bush and his Democratic opponent, Al Gore, on any of the issues, with the possible exception of prescription drugs for Medicare.

But Mr. Bush has now reaffirmed his commitment to creating individual private retirement accounts out of the existing Social Security system, a radical idea that even Ronald Reagan would not have dared to put forward. If he continues down this road, it is only a matter of time before the public understands the threat that this poses to their retirement security, and Mr. Bush and his party will pay a political price for it.

Privatization would threaten Social Security in a number of ways. First, it would add some trillions of dollars of costs to a system that is currently financially sound for the foreseeable future. This would build pressure for benefit cuts in the future, and undermine people's confidence in the program.

The additional costs are of two types: first, there is the cost of transition. The 45 million Americans that receive a monthly check from Social Security are being paid from the taxes of currently employed workers. To take away one-sixth of this revenue and put it into private accounts would create a gap that must be filled somehow -- most likely with benefit cuts.

Second, there are the administrative costs associated with managing 144 million individual accounts. These turn out to be enormous -- 15 or 20 times the costs of administering the current program, and enough to eat up as much as 20 percent of the eventual returns from these accounts.

Of course, what looks like waste from the point of view of the public is income from someone else's vantage point: the Wall Street firms who would haul in billions of dollars of easy money from managing the individual accounts.

And that's what this privatization effort is all about, in a word: greed. It is an appeal not only to the greed of Wall Street but to a small, militantly selfish part of the electorate that is willing to rupture the bonds of social solidarity that have made Social Security this country's most successful anti-poverty program. They want to break the commitment that each generation has made to its predecessors for the past 65 years: to provide a basic social safety net in their old age.

The Bush Administration does not put it this way, but the reasons put forth in support of privatization are patently false. First and foremost is the urban legend that Social Security needs to be "fixed" because the baby boomers will bust the trust fund when they retire. But anyone with a computer and a modem can go to www.ssa.gov and see for themselves that Social Security is perfectly solvent without any changes for the next 36 years, even assuming quite dismal economic growth.

For those who worry about the science-fiction future, the same consensus numbers show that the shortfall for the whole 75-year planning period is quite small -- less than three-quarters of one percent of our national income. And now Alan Greenspan has pointed out that even this much-hyped and grossly exaggerated shortfall -- which was never anything to worry about -- might disappear as economists take into account the faster productivity growth of recent years.

Privatization, which would actually worsen Social Security's financial solvency, has been sold as a way of boosting the program by taking advantage of the stock market's high returns. But here, too, there is a false assumption: that stocks can deliver their historic rate of return (on average, 7 percent after inflation) regardless of how overvalued they are at the starting point.

Guess again: the NASDAQ is down more than 50 percent from its peak last March. A lot of people are already making changes in their retirement plans. It seems that privatization is an idea whose time has come -- and gone. George W. Bush would be wise to take notice, and back off.

WELL-LUBRICATED ADMINISTRATION

San Jose Mercury News

<http://www0.mercurycenter.com/premium/opinion/edit/12.htm>

AS it turns out, we have a Texas oilman as president and a whole passel of appointees likewise steeped in oil and gas, just when California is floundering around in an energy crisis, with the rest of the country on the brink.

Only a true cynic would view this as a conspiracy rather than a coincidence. Only a fool would think it makes no difference.

Earlier this week, Jim Puzzanghera of The Mercury News Washington bureau listed the oil industry connections to 11 high-ranking members of the new administration: the president, vice president, four cabinet members, three presidential assistants, the U.S. trade representative and the head of the Environmental Protection Agency -- a Who's Who roster of the new Washington power structure.

There are two positive ways to look at this. When crucial decisions must be made on energy policy, we have an executive branch that knows a lot about the subject from the oil and gas industry's point of view. And those ties are so prevalent that everyone knows about them and will be watching for conflicts.

This is important for the whole country and especially critical for California. We're vulnerable, in terms of both energy and politics. Climbing out of the energy crisis requires some federal help. But the state voted for Albert Gore, and its governor, Gray Davis, is a possible Democratic nominee to run against Bush in 2004.

Still, Bush would do well to treat California even-handedly and, for the nation's sake, add to his inner circle some consumer representatives and environmentalists.

It's particularly important to have such views represented both on the Federal Energy Regulatory Commission, which will rule on Davis's plan for the state to buy electricity transmission lines, and in the White House energy task force, which may draft a national energy policy. The task force includes only the vice president and cabinet members, none of whom have strong environmental credentials.

For some people in Washington, it doubtless would be satisfying to stomp on California as though it were a crippled cockroach. Fun, maybe, but bad politics. Last November, 4,567,429 Californians voted for Bush for president. He needs them again next time, and more.

And for the nation as a whole, Bush needs to do more than pay lip service to the environment and the need for energy conservation. His passing mention of both Tuesday night was encouraging, but the test will be their prominence in his emerging energy policy.

DEBT AND TAXES

By Paul Krugman, NY Times

<http://www.nytimes.com/2001/02/28/opinion/28KRUG.html>

You're a middle-aged couple, at the peak of your earning power. You are saving in preparation for your retirement, a little more than 10 years from now. You consider paying off your mortgage early. But the bank informs you that you would face prepayment penalties. Do you (a) stick with your plan to prepare for retirement, but buy stocks and bonds instead of paying off your mortgage, or (b) say, "Oh, in that case let's forget about the future and take an expensive vacation"?

George W. Bush would apparently answer (b). For that is the essence of his latest argument for his tax cut.

Right now the federal government is running a large budget surplus; but most of that surplus comes from Social Security and Medicare, programs that rely on payroll taxes to pay benefits to retirees. Those programs must run surpluses now, while the baby boomers are still paying into them, if they are to avoid either sharp tax increases or sharp benefit cuts when the boomers retire. Both programs are, in other words, pretty much in the position of that middle-aged couple a decade or so from retirement.

Mr. Bush likes to declare that a surplus means that the government is collecting too much in taxes. But it means no such thing if the surplus is mainly a matter of preparing for the fiscal consequences of an aging population. And it is. Nonetheless, Mr. Bush's advisers continue to search for reasons that doing the responsible thing is actually a bad idea.

True, Mr. Bush insists that he will not raid the Social Security surplus. But he has conspicuously refused to make the same promise for Medicare — and has also refused to consider proposals that would make future tax cuts contingent on actual surpluses, instead of locking them in on the basis of highly questionable projections. Why? Because if you make realistic estimates both of future spending and of the costs of Mr. Bush's proposed tax cut (which will end up being at least \$2 trillion, and probably considerably more), it becomes clear that he will use up all of the Medicare surplus and make a substantial dent in the Social Security surplus too.

Oh, and Mr. Bush also proposes to divert about \$600 billion of Social Security taxes into new personal accounts for younger workers. This further reduces the funds available to pay for the retirement of today's middle-aged workers.

Let's not forget that Texas is now in serious fiscal difficulty thanks to the tax cut Mr. Bush pushed through as governor — a cut that he helped sell with tricky accounting, including a supposed two-year Medicaid package that was actually only budgeted for 23 months.

All this is old hat. What's new is Mr. Bush's latest argument — that since about a third of the federal government's debt is in effect subject to early repayment penalties similar to those associated with some mortgages, it would actually be irresponsible to run a surplus large enough to pay off the national debt.

Now he's right that this may be an argument against repaying that part of the debt. But to say that it justifies dissipating the surplus in tax cuts is exactly like saying that the couple we started with, frustrated in their plan to pay off their mortgage, should give up on planning for retirement.

The responsible thing, for both the couple and the federal government, is not to give up on planning for the future; it is to make alternative investments. And if this means that the Social Security and Medicare trust funds must buy stocks and bonds from the private sector, so be it.

Some people — including, alas, Alan Greenspan — have made it seem as if any purchase of private-sector assets by the trust funds would instantly politicize the financial markets and undermine the foundations of the free-enterprise system. But that's ideology, not analysis; people who have looked seriously at the issue think that these concerns are vastly overblown. There are well-established techniques for protecting government investment accounts from political meddling, such as legal requirements that the funds buy a broad index. Are these techniques imperfect? Maybe — but who would argue that rather than running some slight risks of politicizing the markets, we should squander the money that was supposed to pay for our retirement?

Only a politician with an irresponsible tax cut to sell.

ENGAGEMENT'S UNSEEING EYE

By Michael Kelly
Washington Post

<http://washingtonpost.com/ac2/wp-dyn/A91-2001Feb27>

The most important foreign policy and national security issue of these times is the question of China, and for the past seven years that question has revolved around one simple argument.

On the one hand, the Clinton administration, the Republican Party's money wing (which is to say the wing that matters), most of the foreign policy establishment and virtually all of corporate America have argued that a policy of "engaging" China was not only good for business but also good for democracy. Treating the benighted old despots of Beijing as if they were progressing nicely toward enlightened rule would lead, it was repeatedly explained, to actual enlightenment; the embrace of Western capitalism must inevitably occasion the embrace of Western values. On the other hand, a few critics said: nuts.

The argument ended this week: the nuts-sayers were right. If engagement ever was more than a cynical tool in the service of American corporate profit-seeking, it must be judged a failure. This is the only conclusion that can be drawn from the dry, grim findings of the State Department's annual review of human rights around the world, released Monday.

"The People's Republic of China is an authoritarian state in which the Chinese Communist Party is the paramount source of power," the section on China begins with admirable clarity. "Leaders stress the need to maintain stability and social order and are committed to perpetuating the rule of the CCP and its hierarchy. Citizens lack both the freedom peacefully to express organized opposition to the Party-led political system and the right to change their national leaders or form of government."

After seven years of engagement, what have China's rulers learned? As the State Department report makes clear, they have learned an enlightened way of employing the jackboot and the blackjack and the gulag, combining a relaxed attitude toward individual behavior that does not threaten their grasp of power with ever more ruthlessness in grinding down anyone or anything that does so threaten.

So, "most average citizens went about their daily lives without significant interference from the government, enjoying looser economic controls, increased access to outside sources of information, greater room for individual choice, and more diversity in cultural life." But not if they dared use their longer leashes in pursuit of true freedom: "The authorities were quick to suppress any person or group, whether religious, political, or social, that they perceived to be a threat to government power or to national stability, and citizens who sought to openly express dissenting political and religious views continued to live in an environment filled with repression."

In every way that matters, the report found, the Chinese government's behavior regarding any perceived threat to its power has significantly worsened under engagement's carefully unseeing eye. This was especially so in the government's handling of religious and

spiritual movements, perhaps most notably in the case of the movement called Falun Gong. "The government significantly intensified its campaign against the Falun Gong movement . . . as well as against 'cults' in general." In the past year, the report declared, "thousands of unregistered religious institutions had been either closed or destroyed, hundreds of Falun Gong leaders had been imprisoned, and thousands of Falun Gong practitioners remained in detention or were sentenced to re-education-through-labor camps or incarcerated in mental institutions. . . . Approximately 100 or more Falun Gong practitioners died as a result of torture and mistreatment in custody."

And there's more progress to report: "The government continued to commit widespread and well-documented human rights abuses. . . . Abuses included instances of extrajudicial killings, the use of torture, forced confessions, arbitrary arrest and detention, the mistreatment of prisoners, lengthy incommunicado detention and denial of due process. . . . The government maintained tight restrictions on freedom of speech and of the press and increased its efforts to control the Internet. . . . The government severely restricted freedom of assembly. . . . During the year, the government also used laws against subversion and endangering state security to threaten, arrest and imprison a wide range of political dissidents and activists."

And on it goes. There is not a great deal the United States can do about a lot of this. But before the Clinton administration decided China was our "strategic partner," we at least didn't lie about the reality of the People's Republic, or at least didn't lie so baldly and insistently. And not lying did some good -- it helped keep the pressure on Beijing, it helped save lives and spring democrats from jail cells. It is no doubt too much to expect a Republican administration to put human rights ahead of corporate interests. But it is not too much to demand at least a return to not lying. And it would do some good.